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**CONFIDENTIAL**OFFICE OF REPORTS AND ESTIMATES, CIA  
FAR EAST/PACIFIC DIVISIONINTELLIGENCE HIGHLIGHTS NO. 104  
7 JUNE to 13 JUNE 1950

## SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

Agreements on an exchange of representatives between Burma and China, together with increased efforts to align Burma's Overseas Chinese on the side of Peiping, indicate a growing Chinese Communist capability for influencing this Southeast Asian neighbor (p. 2).

The puppet regime of northern Korea has opened a propaganda campaign, in the name of "unity", apparently aimed at disguising the recent failure to disrupt elections in the southern Republic (p. 5).

The National Committee of the CPCC, whose ostensible task is to give "democratic" advice to the ruling Communist regime in China, is being called into session, possibly to provide a screen for Peiping's attempts to counter growing popular opposition (p. 7). Meanwhile, the Chinese Communists are pursuing a "not unfriendly" line with India (p. 7).

While recent French advances in Tonkin have been confirmed, the possibility exists that peasants seeking French protection are doing so under Resistance orders. Meanwhile, the Resistance is demonstrating increased offensive strength along the Chinese frontier (p. 8).

NEWS NOTES

Korean exchange of prisoners suggested

Soviet bank in Shanghai closes

KMT aide takes Indonesian employment...Indochinese interstate conference announced...First US war aid en route to Vietnam...PRC names ambassador to Indonesia.

The marginal notations used in succeeding sections of this Weekly ("A", "B", or "C") indicate the importance of the items in D/FE opinion, with "A" representing the most important.

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## SECTION II. DEVELOPMENTS IN SPECIFIED AREAS

### GENERAL

Chinese Communist activity in Burma grows--The Burmese Government, on 8 June, announced the completion of negotiations with the People's Republic of China (PRC) for an exchange of diplomatic representatives. The former Burmese ambassador to Nationalist China, Myint Thein, has been assigned to Peiping. The PRC, in turn, "reaffirming" its friendship for "Socialist Burma" has appointed YAO Chung-ming, a relatively obscure Communist with recent politico-military administrative experience in Shantung, as its ambassador-designate. "B"

This exchange of ambassadors, together with the PRC's ostensibly friendly attitude toward the Burmese Government, however, appears to be only one manifestation of a growing Chinese interest in Burma. There are, in addition, indications of the development of other Chinese Communist methods for bringing Burma into the Asian Communist orbit. Foremost among these is the apparent Chinese Communist effort to establish control over local Chinese by augmenting the activities of the Burma Branch of the China Democratic League, an organization which is cooperating with the Communists in China and by means of the local Chinese press, which already supports the PRC.

Between one-sixth and one-fifth of the 300,000-odd Chinese in Burma are concentrated in the Rangoon area; while the rest are merchants mostly located in the major towns or mine laborers and tribesmen located along the Sino-Burmese border. On balance, it appears that little prevents the Chinese Communists from gaining control over the great majority of Overseas Chinese in Burma, an accomplishment which would provide the PRC with a useful instrument for placing pressure on the Burmese Government. 25X1

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KOREA

Northern regime tries "unity" move—Since early June, Radio Pyongyang has been vigorously pushing the latest Communist "appeal" for the "peaceful" unification of Korea. In a 7 June broadcast, Pyongyang deplored the continued division of Korea and called for (1) nation-wide elections during 5-13 August, to form a "unified supreme legislative organ"; (2) a meeting of this "legislature" in Seoul on 15 August; (3) immediate preliminary meetings of northern and southern "leaders" near the 38th Parallel, to discuss election measures and the problems of peaceful unification. Although the appeal specifically stated that Republic of Korea (ROK) leaders and the UN Commission on Korea (UNCOK) were excluded from participation in the unification attempt, UNCOK, together with political parties, social organizations and leaders in the southern half, was invited to receive copies of the "appeal" from three Pyongyang messengers who would be sent to the 38th Parallel.

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With ROK approval, UNCOK then made a broadcast to northern Korea from Seoul, indicating eagerness to assist unification movements, and willingness to visit northern Korea in order to discuss the possibilities of achieving unification. The UNCOK broadcast stated that a member of the UNCOK Secretariat would proceed to the Parallel to meet the Pyongyang messengers.

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On 10 June, Mr. Gaillard, Deputy Principal Secretary of UNCOK, made the first UN contact with northern Korea when, with ROK Foreign Office clearance, he crossed the border into northern Korea and received four copies of the previously broadcast "appeal" (after signing a receipt) from the hands of the three Pyongyang messengers. The three refused to accept UNCOK documents offered, in turn, by Mr. Gaillard, stating they were not empowered to act without instructions. No southern Koreans were present to meet the Pyongyang representatives and the three "messengers" later attempted to enter southern Korea, in order to distribute other copies of the appeal. They were arrested, and are now being held in Seoul, where official opinion as to their proper disposition varies from recommendations for immediate execution to the suggestion that they be sent back to the north.

The most obvious explanation for this northern "unification" campaign is that it is designed to offset failures to "frustrate" the recent southern Korean elections. The overall Communist effort to undermine the stability of the Republic of Korea by guerrilla warfare, infiltration and subversion, moreover, has been largely nullified in recent months by effective Republican counter-measures. The Communists may have felt, therefore, that a new appeal to national unification --which might attract a large body of public opinion in southern Korea and especially tempt some of the newly elected "moderates" in the National Assembly-- would regain the propaganda initiative for northern Korea and create new crises of disunity and indecision in southern Korea, similar to those developed during the Kim Il-sung-Kim Koo-Kim Kiusic unification talks in 1948. Additionally, the northern regime may, as in 1948, merely be announcing a date for "national elections", so that it may continue to claim that the legislative body sitting in Pyongyang includes representatives selected by "free elections" in southern Korea and is truly representative of all the Korean people. A possible major objective of the northern regime's propaganda campaign is an attempt to create a dispute between the ROK and UNCOK over the question of replying to northern overtures or meeting with northern representatives in the hope of causing UNCOK to report unfavorably to the UN on Republican cooperation toward the goal of peaceful unification.

It is doubtful if the Communist campaign will achieve any significant success. The "appeal" differs only slightly from a similar appeal in June 1949, which ended as a complete fiasco. The "moderates" in southern Korea have learned the futility of bargaining with northern leaders and now for the most part support the ROK. As regards the UN, in contrast to past episodes, coordination between UNCOK and the ROK on this occasion appears to have been close and both parties agree that, although unification is highly desirable, it can only be approached on the basis of UNCOK-observed democratic elections in the north.

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CHINA

Political meeting in Peiping--Peiping radio announced on 10 June that a conference of the National Committee of the Chinese People's Political Consultative Conference (CPPC) was to be held in Peiping "within the next few days". In addition to Committee members, who include almost all the top-drawer Communists and collaborators in the Peiping regime, a large group of "specially invited guests" is to be present. Among these guests are former Nationalist figures, now risen to the status of "democratic personages", various cultural leaders, "labor heroes" and representatives of local CPPC committees.

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The National Committee of the CPPC was created last September during the meetings which brought the "People's Republic of China" into existence. According to the Organic Law of the Communist regime, the National Committee represents the CPPC when that body is not in session, maintains a Standing Committee in permanent residence in Peiping, and meets in plenum semi-annually, and serves in a continuing advisory capacity to the Peiping authorities. The Committee's 180 members are drawn from the CPPC and form a smaller cross-section of the dozens of political parties, social and occupational organizations, ethnic and religious groups which the Communists claim as the base of support for the regime. In theory, the National Committee advises the regime in behalf of all "democratic" (i.e., Communist-controlled) groups and classes. In actuality, the Committee is used by the Communists, as are all other popular front organizations, to lend an appearance of wide popular support for Communist policies.

The forthcoming conference may produce one of the most intensive propaganda campaigns to be launched since the Peiping regime was formally proclaimed in October 1949. The composition of the group of "specially invited guests" suggests that the occasion will be used in an attempt to counter growing popular opposition to the Communists, by emphasizing the "representative" and "democratic" nature of the regime, and beating the drum for closer understanding between the Peiping officials and the people. The presence of local CPPC representatives in Peiping for the conference further suggests that the top Communist authorities may be interested in gathering opinion on current problems through a non-Party channel. While there are no indications that any significant policy changes will emerge as a result of the conference, the occasion would be a logical one for advertising any already planned policy modifications that may be in the offing.

Peiping's cordiality to India--The Chinese Communists, who may be in a better position to advance certain major international Communist aims in regard to India than is the USSR itself, have adopted a not unfriendly

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attitude toward the Government of India for the time being. The Peiping radio has abstained from abuse of the GOI since the latter's recognition of Communist China last December, negotiations for the establishment of diplomatic relations have proceeded smoothly, and the Indian Ambassador to Peiping, K. M. Panikkar, has been received with remarkable cordiality. MAO Tse-tung found occasion, upon the presentation of Panikkar's credentials on 20 May, to make a number of friendly remarks

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A week later, most of the leaders of the Peiping regime were present at a dinner-party given by MAO in Panikkar's honor.

At the WFTU-sponsored Trade Union Conference in Peiping last November, which publicly formulated international Communist strategy for "liberation" movements in Asia, India was realistically placed in that bloc of East Asian nations where a Communist victory is deemed most distant and this relative remoteness of India's "liberation" impels international Communism to compromise, temporarily. For Peiping, as well as for other Communist regimes, the compromise position envisages the encouragement of Indian neutrality in the East-West struggle, the prevention of Indian participation in any anti-Communist regional alliance and the forestalling of any Indian movement toward assuming leadership in non-Communist Asia. In advancing these aims, the Peiping regime will be aided by the GOI's tendency to regard the Communist victory in China primarily as an expression of Asian nationalist feeling, a viewpoint which has been reflected in India's recognition of Peiping and its refusal to recognize Bao Dai in Indochina. Peiping's understanding of that viewpoint has been reflected in its recent attitude toward the GOI and perhaps also in its recent friendliness toward Burma, inasmuch as Burma's location and economic importance with respect to India make it a factor in the subversion of India.

Peiping is not likely, at this time, to risk antagonizing New Delhi by aggressive action on behalf of the small number (ca. 14,000) of overseas Chinese in India, or by asserting China's very tenuous historical claim to Nepal, Sikkim and Bhutan. Neither would Peiping be inclined to prejudice its major objective -- that of exploiting the GOI's desire for friendly relations -- for the sake of immediate benefits to the Communist Party of India. Nonetheless, the presence of Chinese Communist representatives in India, while probably not significantly affecting the policies of the CPI, will permit more effective liaison between the two Parties.

#### INDOCHINA

Military activity continues--Extensive French gains in the Red River delta of Tonkin have been confirmed by Resistance statements which claim that the setback merely poses "difficulties of a temporary character" and that

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guerrilla activity in the occupied districts will continue to sap French strength. Reports that tens of thousands of villagers are seeking French protection in the delta have been denied by a prominent Vietnamese publisher in Hanoi, who states that the number is not more than a thousand a month and does not necessarily imply defection from Ho. In this connection, a non-Communist nationalist of Hanoi has been quoted as stating that the villagers in question are returning to French-controlled zones on the orders of Ho's commanders, with the intent of increasing the French problem of feeding them.

Meanwhile, the strength and effectiveness of Resistance attacks in the mountainous Sino-Vietnamese border area have increased.

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NEWS NOTES

The exchange of Cho Man Sik, a famous Korean leader of passive resistance to Japan, who has been interned by the Communists in northern Korea since 1946 for his refusal to cooperate, has been proposed by Radio Pyongyang. Cho would be traded for Lee Chu Ha and Kim Sam Yong, high level Communist underground leaders recently arrested in Seoul, according to the exchange proposal, which appears to be an integral part of the northern regime's present "unification" propaganda program.

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The Moscow People's Bank, a Soviet-owned institution, has asked the Chinese Communists for permission to close down its Shanghai branch, according to the Chinese Communist press. Difficulties in doing business in Shanghai since the Communist takeover have entailed losses among bankers generally, and the USSR is apparently following the lead of most foreign bankers, who are seeking to close their Shanghai branches. In all probability, the Soviet decision does not indicate any present lessening of Soviet influence in China. Trade between the two nations in the next few years is expected to take on a government-to-government character for the most part, with a resultant declining need for the general remittance and financing services of local banks.

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One Kuomintang delegate to the UN has solved the problem of his future employment by accepting a position as economic advisor to the United States of Indonesia. Roland D.H. Liem, former technical counselor to the Chinese Nationalist mission, plans to take advantage of his overseas birth and become an Indonesian citizen. Liem's solution to his dilemma is probably a happy one on all scores, since Indonesia is suffering from a shortage of personnel with technical experience.

French, Lao, Cambodian and Viet representatives meet in a much-postponed interstate conference to be held during 20-25 June at a locality in the Pyrenees, according to AFP, Saigon. The conference, slated to dispose of such important matters as control of customs, currency, communications, and immigration for Indochina as a whole, is meeting on French soil because of Cambodian and Laotian requests that it be held on "neutral ground."

First military shipment to Indochina under MDAP will get under way next week when eight C-47s take off from the West Coast. The French have announced that the aircraft carrier Dixmude will be made available as soon as possible after 15 July to pick up F6F aircraft in US ports. French crews will also arrive at Puget Sound about 1 August to pick up six LSSIs (Landing Ship Supply Large).

The appointment of WANG Jen-shu as the Chinese Communist regime's Ambassador Extraordinary and Plenipotentiary to the Republic of the United States of Indonesia was announced this week. WANG, an ex-Medan Chinese arrested by the Dutch in 1947 for Communist activities, [REDACTED]

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[REDACTED] has been a member of Peiping's Overseas Chinese Affairs Commission for the past eight months. The Indonesian government has not yet named an ambassador to Peiping.

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